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Canada's Great Digital Divide: Telecom race finally heats up in Nunavut



EMILY JACKSON | September 16, 2016 4:18 PM ET
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Emily Jackson for National Post

IQALUIT — Eager Nunavummiat waited in line for hours to sign up for the territory's first mobile network that supported smartphones when Ice Wireless launched its offering in Iqaluit a few years ago.

Months later, Bell Canada also launched a 4G network in town — a move Ice Wireless president Samer Bishay is convinced wouldn't have happened as fast in the territory's capital, population 8,000, without pressure from Ice.

"We've driven Bell to do stuff they wouldn't have done," Bishay said in an interview from the cockpit of his Eclipse 500 private jet as he flew at 36,000 feet en route to Iqaluit in late August.

Ice is the newest player in an increasingly competitive telecommunications market north of the 60th parallel, which was sparked by a regulatory move in 2011 to end the monopoly Bell Canada-owned Northwestel Inc. enjoyed in the region for decades.

Better mobile and broadband deals are trickling in as Northwestel ups its game and smaller players including Ice Wireless and northern Internet provider SSI Micro Ltd. race to deploy 4G networks. Satellite Internet provider Xplornet Communications Inc. has also promised to boost its speeds by

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Nunavut's only senator says archaic Internet speeds are crippling the economy and

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Nevertheless, complaining about Internet and cellphone service remains a well-justified territorial pastime. Meanwhile, the providers, faced with myriad delivery challenges, bicker over wholesale rates, government subsidies and access to each other's infrastructure in tiny communities where there's admittedly no business case to install one set of equipment, let alone three.

Regulators seem to be paying attention. Bishay, who also owns Toronto-based voice-over-Internet-p among the industry players who traveled to Iqaluit in late August to bend the ear of Canadian Radio Telecommunications Commission's pro-consumer chairman Jean-Pierre Blais, in town for a series o prepares to rule on whether broadband should be a basic service. (The Financial Post accepted a ride share of fuel.)

Basic services currently include phone lines and the ability to get a phone book upon request, with t companies in areas where the cost to hook up customers is more than what they can reasonably charge. If the CRTC expands the definition to include broadband — especially at higher speeds than the current suggested target of 5 Mbps — it will open the door for a range of capital and operational funding in satellite-dependent Nunavut.

“When you go to Africa, it's actually more advanced since it's an open market

It's no secret the digital divide is a problem in the North, particularly in Nunavut, home to 31,000 people spread over 1.9 million square kilometres. Last-mile connections are more up to date, but a satellite bottleneck — messages from Iqaluit must travel 38,000 kilometres from a station on Baffin Island to one of a handful of aging satellites that point far enough north, then return back to earth to the recipient — limits the speed and amount of data companies can offer, resulting in astronomical prices for shoddy service compared to the rest of Canada.

“When you go to Africa, it's actually more advanced since it's an open market,” said Bishay, who was born in Cairo, raised in Nigeria, moved to Canada at age 12 and was studying to become an astronaut when he quit university to launch Iristel in the Ivory Coast in 1999. (Iristel eventually pulled out of Africa due to political unrest, but still operates in the European Union.)



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Bishay wound up in Nunavut after a chance meeting during a stopover in Yellowknife in 2012 with C...
founded Ice Wireless in Inuvik in 2005 because Bell wouldn't offer mobile service to the small comm...
The pair, both 40, forged a partnership as Ice needed resources and Iristel wanted to have a nationa...
Since then, Ice has gone from offering a 2G network in three northern communities to offering 3G s...
expand. But it is not profitable yet.

"The north is a money loser," Bishay admits. "Rogers would be there if there was money."



Emily Jackson/National Post

Aside from the obvious geographic and population cha...
service on the previous lack of competition. Before Ice...
used Ottawa-based Telesat Canada satellites, since they were the only ones that pointed...
north. But he says he has inked better deals with European companies SES SA and...
Intelsat SA.

Bishay said the incumbent is "obsessed with making money," not trying to find better...
deals for customers. That might sound a bit rich coming from a guy who owns a private...
jet, a Tesla and a supper club in Mississauga, Ont., but he insists he's driven by a passion...
to come up with an improved, cheaper system.

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One of his sticking points is subsidies. Companies fiercely protect the...
subsidies they have, but are quick to point out the flaws in those given to...
their competitors. Both Ice and Northwestel say they haven't expanded to all 25

communities in Nunavut because of a \$35-million subsidy given to SSi Micro, which sells Nunavut's most affordable service in every...
community. (SSi got its start in Nunavut by beating Northwestel in a bid for government funding to introduce satellite Internet in the...
most remote areas.)

Northwestel chief executive Paul Flaherty said remote communities should be treated separately since subsidized services can...
undermine competition in communities such as Iqaluit where consumers already have choice. His company isn't waiting on the...
CRTC's broadband ruling to improve its services, he said.

Northwestel is three years into a \$233-million modernization plan that originated after the CRTC chided it in 2011 for making decisions that benefited shareholders more than...
customers. It now offers 4G service in nine Nunavut communities, with 16 more...
underway, dropped overage rates by 70 per cent and doubled the monthly usage...
allowance, Flaherty said.



Emily Jackson/National Post

But SSi chief development officer Dean Proctor is quick to point out that Northwestel...
receives an annual \$20-million subsidy for voice services (half is for infrastructure it...
already built and half depends on how many people use voice services). Proctor wants the...
CRTC to revamp its basic service objective to create a "flexible system that allows for a...
focus on broadband as opposed to 19th century technology."

SSi is building out its 4G LTE network as a last-mile Internet connection across Nunavut,...
Proctor said. As soon as it can hammer out agreements with Northwestel, it intends to...
launch mobile data and voice services, too. Meanwhile, it is also in a battle with...
Northwestel over wholesale rates in the Northwest Territories — an issue that is before the CRTC.

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Ice believes the heart of the problem is the lack of clarity regarding open access rules under the Canadian national fund to invest in broadband. When government money is used to introduce services, provide a sort of access to other companies, but Ice argues the parameters are not clearly defined and are then

Ice is upgrading its network to 4G LTE in Iqaluit and 21 other communities (including Northern Quebec under government contract). But unlike SSi, which offers a popular but very basic service, and Northwestel, seen as best in class, Ice has had problems getting northern exposure.

In a series of conversations with locals, most said they will stick with what they know and didn't realize they offered Internet services (although one man noted that Ice provided way better service in the Legion establishment in town).

Darrell Ohokannoak, president of the non-profit Nunavut Broadband Development Corp. (NBDC) and a strong advocate for the CRTC to enshrine broadband as a basic service, said it comes down to not leaving the most remote communities behind as telecommunications advance in the north.

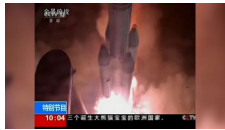
"We see Nunavut as one large community," said Ohokannoak, who has also works with SSi. NBDC wants broadband access for all, whether it's to FaceTime with relatives across the territory or to use tele-health services in places such as Grise Fiord that can't justify having a physiotherapist.

"We want to make sure all Nunavut has the same fair access," Ohokannoak said. "It's only fair."

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Mike Salomaa

I live near Kingston Ontario and Explornet provides only 5 Mbps but will accept payment for 10 Mbps. One side of the tower has been upgraded bur not my side and the huge population of Iqualit 3 choises. Only in Canada, eh.

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Holy Kadilahoppers Mike ! We live near calgary AB and only get 2 Mbps from Xploernet at the best of times, mostly if the weather is perfect.. we would be in heaven if we were to get up to 5Mbps...Like u say only in Canada, eh!!

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it may be convient but Icelandics complained about the installation of power poles because of the negative effects it would have on the environment. There are obvious conditions to this addition but I hope it is monitored to protect the p[people their way of life. Good Luk Luk!

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